

Message Text

LIMITED OFFICIAL USE

PAGE 01 MOSCOW 01088 241941Z

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01
L-03 H-01 PA-01 PRS-01 AGRE-00 BIB-01 SAJ-01 ACDA-07
DODE-00 INT-05 OES-06 FEA-01 /108 W
-----250227Z 026298 /72-61

R 241743Z JAN 77

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 3409

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

USMISSION BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMCONSUL LENINGRAD

AMCONSUL MUNICH

USMISSION NATO

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USDOC WASHDC

LIMITED OFFICIAL USE MOSCOW 1088

E.O. 11652: N/A

TAGS: ECON, EGEN, UR

SUBJECT: DATA CONFIRM UNEVEN 1976 PLAN RESULTS

REF: MOSCOW 0798

SUMMARY: RECENTLY PUBLISHED 1976 PLAN RESULTS CONTAINED FEW
SURPRISES AND CONFIRMED A GENERAL PATTERN OF SLOWER, ALBEIT
EXPECTED, GROWTH LEVELS. THE COMINANCE OF HEAVY INDUSTRY OVER
THE CONSUMER SECTOR WAS SOLIDLY RECONFIRMED WITH FUELS,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOSCOW 01088 241941Z

CHEMICALS AND PETROCHEMICALS, AND MACHINE BUILDING AND
METALLURGY LEADING THE WAY. PRODUCTION WAS SLIGHTLY BELOW
TARGET, HOWEVER, IN KEY PRODUCTS SUCH AS STEEL, FERROUS
ROLLED METAL AND PIPE, MINERAL FERTILIZER AND COMMERCIAL
TIMBER. THE CONSUMER SECTOR, ESPECIALLY CERTAIN PARTS
OF THE FOOD AND TEXTILE INDUSTRY, WAS HURT BY THE AFTER-
EFFECTS OF THE POOR 1975 HARVEST AND TARGETS FOR CONSUMER

DURABLES AND HOUSING WERE ALSO NOT ACHIEVED. LABOR PRODUCTIVITY AND THE TRANSPORT SECTOR, MAINLY RAILROADS, LAGGED AS DID PERFORMANCE IN CAPITAL CONSTRUCTION. FOREIGN TRADE, TURNOVER, PERHAPS DUE TO SOME BELT-TIGHTENING AFFECTING IMPORTS FROM THE WEST, DID NOT MEET PLAN GOALS AND AGRICULTURAL RESULTS (SEPTTEL) WERE GENERALLY GOOD AS MARKED BY A RECORD GRAIN HARVEST. END SUMMARY.

1. THE CENTRAL PRESS ON JANUARY 23 REPORTED THE 1976 PLAN RESULTS AS PUBLISHED BY THE CENTRAL STATISTICAL ADMINISTRATION. AS PREVIOUSLY REPORTED (REFTEL), THE RESULTS WERE APPARENTLY AMONG THE LOWEST SINCE WORLD WAR II. INDUSTRIAL OUTPUT INCREASED 4.8 PERCENT (4.3 PERCENT PLANNED), AND NATIONAL INCOME ROSE 5 PERCENT (5.4 PERCENT PLANNED) TO REACH 380 BILLION RUBLES. GROUP A (HEAVY INDUSTRY) OUTPUT ROSE 5.5 PERCENT (4.9 PLANNED) AND GROUP B (CONSUMER GOODS) ROSE 3 PERCENT (2.7 PLANNED). INVESTMENT ROSE BY 116.8 BILLION RUBLES AT THE PLANNED RATE OF 4 PERCENT.

2. NON-AGRICULTURAL LABOR PRODUCTIVITY STATISTICS WERE BELOW PLAN TARGET. LABOR PRODUCTIVITY IN INDUSTRY ROSE 3.3 PERCENT (3.4 PERCENT PLANNED), LABOR PRODUCTIVITY IN CONSTRUCTION ROSE 3.3 PERCENT (5.5 PERCENT PLANNED) AND LABOR PRODUCTIVITY IN THE RAILROAD SYSTEM ROSE 1.3 PERCENT (3.0 PERCENT PLANNED). THE RESULT WAS THAT OF THE GROWTH IN NATIONAL INCOME, ONLY 80 PERCENT, RATHER THAN THE PLANNED 86 PERCENT, WAS ACCOUNTED FOR BY INCREASED LABOR PRODUCTIVITY.

3. THE 1976 PLAN IN INDUSTRIAL OUTPUT WAS "OVERFULFILLED" LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MOSCOW 01088 241941Z

BY ALL ALL-UNION AND UNION REPUBLIC INDUSTRIAL MINISTRIES AND BY ALL UNION REPUBLICS. FUELS, CHEMICALS AND PETROCHEMICALS, AND MACHINE BUILDING AND METAL WORKING LED THE WAY IN HEAVY INDUSTRY. ELECTRICITY (1,111 BILLION HKW) AND NATURAL GAS (321 BILLION CUBIC METERS) EXCEEDED PLAN TARGETS, OIL PRODUCTION, INCLUDING GAS CONDENSATE, (520 MILLION TONS) MET THE TARGET AND COAL OUTPUT (712 MILLION TONS) FELL SHORT OF THE PLAN. CHEMICALS AND PETROCHEMICALS ROSE BY 8 PERCENT OVER 1975 (7 PERCENT PLANNED) AND MACHINE BUILDING AND METAL WORKING ROSE BY 10 PERCENT (8.6 PERCENT PLANNED).

4. SLIGHT SHORTFALLS WERE RECORDED IN MANY KEY INDUSTRIAL PRODUCTS: STEEL OUTPUT WAS 145 MILLION TONS (147 MILLION PLANNED), FINISHED FERROUS ROLLED METAL PRODUCTION WAS 101 MILLION TONS (103 MILLION PLANNED), MINERAL FERTILIZER 92.3 MILLION TONS (94.5 MILLION PLANNED) AND STEEL PIPE OUTPUT WAS 16.8 MILLION TONS (17 MILLION PLANNED). OTHER DEFICIENT AREAS INCLUDED CEMENT, COMMERCIAL GRADE TIMBER, PREFABRICATED REINFORCED CONCRETE (SLABS), SYNTHETIC RESINS

AND PLASTICS, AND GENERATORS AND TURBINES.

5. NOT UNEXPECTED IN VIEW OF THE CARRYOVER EFFECTS OF THE POOR 1975 HARVEST, FOOD AND LIGHT INDUSTRY PERFORMANCE WAS WEAK, INCREASING ONLY ONE PERCENT OVER 1975. MEAT PRODUCTION, 13.3 MILLION TONS WAS 89 PERCENT OF THE 1975 LEVEL. ALSO BELOW 1975 PRODUCTION LEVELS WERE WHOLE MILK PRODUCTS, VEGETABLE OIL, GRANULATED SUGAR, AND CANNED GOODS. PLAN TARGETS WERE UNMET IN COTTON TEXTILES AND WOOL FABRICS, AND EQUIPMENT AND SPARE PARTS FOR LIGHT AND FOOD INDUSTRY. AND THE CATEGORY OF OUTPUT ROUGHLY EQUIVALENT TO CONSUMER DURABLES ROSE BY 7 PERCENT OVER 1975 WHEREAS THE TARGET WAS 7.2 PERCENT.

6. TRANSPORT SECTOR RESULTS WERE BELOW TARGET. FREIGHT CARRIAGE TURNOVER OF ALL TYPES WAS TO HAVE INCREASED BY 5.7 PERCENT BUT ACTUALLY ROSE BY 4.5 PERCENT. THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MOSCOW 01088 241941Z

SHORTFALL WAS MAINLY IN THE RAILROADS AND ALSO RIVER TRANSPORT.

7. IN CAPITAL CONSTRUCTION 250 NEW LARGE INDUSTRIAL ENTERPRISES WERE COMPLETED. EMPHASIS IN 1976 WAS ON EXPANSION AND RECONSTRUCTION OF EXISTING ENTERPRISES, RATHER THAN ON NEW CONSTRUCTION STARTS. THE PRESS ANNOUNCEMENT CALLED ATTENTION TO NON-FULFILLMENT BY SOME ENTERPRISES OF PLANS FOR SUB-CONTRACTING, LABOR PRODUCTIVITY AND PROFITS AND SHORTCOMINGS IN CONCENTRATING INVESTMENTS AND COMPLETING PROJECTS ON TIME.

8. CONSUMER WELFARE RESULTS WERE GENERALLY IN KEEPING WITH THE LOWER TARGETS SET FOR 1976 IN ANTICIPATION OF A MORE LIMITED SUPPLY OF GOODS AND SERVICES FOLLOWING THE 1975 HARVEST. REAL PER CAPITA INCOME ROSE AT THE PLANNED 3.7 PERCENT LEVEL BUT THE AVERAGE WAGE OF INDUSTRIAL AND OFFICE WORKERS ROSE BY 3.6 PERCENT COMPARED TO 2.7 PERCENT PLANNED. IN THE KEY AREA OF HOUSING, HOWEVER, 108.5 MILLION SQUARE METERS WERE COMPLETED, 98.7 PERCENT OF THE PLAN TARGET OF 111 MILLION SQUARE METERS. RETAIL TRADE TURNOVER INCREASED 4.6 PERCENT COMPARED TO 3.6 PERCENT PLANNED. DEPOSITS IN SAVINGS ACCOUNTS, A REFLECTION OF "REPPRESSED INFLATION", INCREASED BY 12 BILLION RUBLES TO REACH A TOTAL OF 103 BILLION RUBLES. THE LEVEL OF INCREASE WAS VIRTUALLY THE SAME AS IN 1975. THE USSR POPULATION AS OF JANUARY 1, 1977 REACHED 257.9 MILLION.

9. FOREIGN TRADE TURNOVER WAS "ABOUT" 56 BILLION RUBLES OR A 10 PERCENT INCREASE FROM 1975, COMPARED WITH 13.6 PERCENT PLANNED. TRADE WITH OTHER CEMA-MEMBER COUNTRIES "EXCEEDED"

1976 LEVELS SET IN LONG-TERM TRADE AGREEMENTS.

10. COMMENT: THE DETAILED PLAN RESULTS PRODUCED FEW
SURPRISES. THE CARRY-OVER EFFECTS OF THE POOR 1975 HARVEST
AND BELOW-PAR PERFORMANCE IN COMPLETION OF INDUSTRIAL PROJECTS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 MOSCOW 01088 241941Z

APPARENTLY CONTRIBUTED TO THE FAILURE TO MEET THE TARGET FOR
GROWTH IN NATIONAL INCOME. THE STRONG AREAS SUCH AS SOME
FUELS, CHEMICALS, AND MACHINE BUILDING AS WELL AS THE SOFT
SPOTS SUCH AS MINERAL FERTILIZER, ROLLED STEEL AND PIPE,
CONSUMER GOODS AND RAIL TRANSPORT HAVE BEEN WELL PUBLICIZED
IN THE PRESS AND WERE PREVIOUSLY REPORTED. THE MOST STRIKING
ITEM IN OUR VIEW WAS THE WEAK PERFORMANCE OVERALL IN NON-
AGRICULTURAL LABOR PRODUCTIVITY, WHICH IS HARDLY AN AUSPICIOUS
START TO THE TENTH FIVE YEAR PLAN (1976-80) GOAL OF OBTAINING 85-
90 PERCENT OF THE ACCRETION
TO NATIONAL INCOME BY 1980 THROUGH INCREASED LABOR PRODUCTIVITY.
THE 1976 RESULTS ALSO STRONGLY RECONFIRM THE DOMINANCE OF
HEAVY INDUSTRY OVER THE CONSUMER SECTOR, A SITUATION WHICH
WILL PREVAIL ACCORDING TO PLAN, AT LEAST UNTIL 1980. THE
RELATIVELY SMALL INCREASE IN FOREIGN TRADE TURNOVER AS COMPARED WITH
THE PAST FEW YEARS COULD REFLECT SEVERAL FACTORS, INCLUDING SOME
REDUCTION IN IMPORTS FROM THE WEST TO IMPROVE TRADE BALANCES.
TOON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DATA
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MOSCOW01088
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770025-1177
Format: TEL
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770124/aaaaavjb.tel
Line Count: 199
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ad1d2bd2-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MOSCOW 798
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3522134
Secure: OPEN
Status: NATIVE
Subject: DATA CONFIRM UNEVEN 1976 PLAN RESULTS
TAGS: ECON, EGEN, UR
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ad1d2bd2-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009